

## COMPANY ANNOUNCEMENT

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2024

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the quarter and period ended 30 June 2024.

This interim report is prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023.

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<u>3 months ended</u>		<u>Year-to-date</u> <u>6 months ended</u>	
	<u>30.06.2024</u>	<u>30.06.2023</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	56,407	66,760	123,606	149,423
Cost of sales	(43,013)	(48,798)	(97,627)	(113,102)
Gross profit	13,394	17,962	25,979	36,321
Other operating income	2,832	1,018	5,987	2,442
Operating expenses	(27,254)	(21,074)	(48,991)	(42,822)
Loss from operations	(11,028)	(2,094)	(17,025)	(4,059)
Finance income	619	525	1,366	739
Finance costs	(2,774)	(2,515)	(5,554)	(4,548)
Share of results of associates and joint venture	20	25	31	24
Loss before tax	(13,163)	(4,059)	(21,182)	(7,844)
Income tax expense	28	(365)	57	(527)
Net loss for the financial period	(13,135)	(4,424)	(21,125)	(8,371)
Attributable to:				
Owners of the parent	(7,111)	(4,240)	(15,001)	(7,731)
Non-controlling interests	(6,024)	(184)	(6,124)	(640)
	(13,135)	(4,424)	(21,125)	(8,371)
Loss per share attributable to owners of the parent:				
Basic (sen)	(0.28)	(0.17)	(0.59)	(0.31)
Diluted (sen)	(0.28)	(0.17)	(0.59)	(0.31)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<u>3 months ended</u>		<u>Year-to-date</u> <u>6 months ended</u>	
	<u>30.06.2024</u>	<u>30.06.2023</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net loss for the financial period	(13,135)	(4,424)	(21,125)	(8,371)
Other comprehensive income/(expenses):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(587)	5,829	(329)	6,033
<i>Total items that may be reclassified subsequently to profit or loss</i>	(587)	5,829	(329)	6,033
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Fair value gain on equity instruments designated at fair value through other comprehensive income	(281)	(1,728)	(120)	(1,567)
<i>Total items that will not be reclassified subsequently to profit or loss</i>	(281)	(1,728)	(120)	(1,567)
Other comprehensive income for the financial period	(868)	4,101	(449)	4,466
Total comprehensive loss for the financial period	(14,003)	(323)	(21,574)	(3,905)
Attributable to:				
Owners of the parent	(8,902)	(1,723)	(16,351)	(5,143)
Non-controlling interests	(5,101)	1,400	(5,223)	1,238
Total comprehensive loss for the financial period	(14,003)	(323)	(21,574)	(3,905)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Unaudited as at 30.06.2024 RM'000</b>	<b>Audited as at 31.12.2023 RM'000</b>
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	241,440	239,114
Right-of-use assets	38,105	47,741
Investment properties	16,300	16,300
Investment in associates and joint venture	3,564	3,933
Investment securities	61,750	70,715
Goodwill	39,192	39,192
Intangible assets	2,683	2,791
Deferred tax assets	4,215	4,230
Inventories	4,701	4,699
	411,950	428,715
<b><u>Current assets</u></b>		
Inventories	54,606	45,016
Receivables, prepayments and contract assets	93,919	155,686
Current tax assets	1,558	1,362
Investment securities	2,485	2,323
Financial assets held for trading	22	47
Fixed deposits	39,009	49,129
Cash and bank balances	94,145	65,135
	285,744	318,698
<b>TOTAL ASSETS</b>	<b>697,694</b>	<b>747,413</b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity attributable to owners of the Company</u></b>		
Share capital	461,377	461,377
Reserves	(57,089)	(40,738)
	404,288	420,639
Non-controlling interests	62,370	67,593
<b>Total equity</b>	<b>466,658</b>	<b>488,232</b>
<b><u>Non-current liabilities</u></b>		
Borrowings	82,183	85,632
Lease liabilities	16,032	26,497
Payables	5,958	6,384
Deferred tax liabilities	3,788	4,368
	107,961	122,881
<b><u>Current liabilities</u></b>		
Payables and contract liabilities	74,656	82,145
Borrowings	45,066	49,302
Lease liabilities	3,078	3,985
Current tax liabilities	275	868
	123,075	136,300
<b>Total Liabilities</b>	<b>231,036</b>	<b>259,181</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>697,694</b>	<b>747,413</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2024**

	Share Capital RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2024	461,377	16,413	7,895	(954)	(64,092)	420,639	67,593	488,232
Net loss for the financial period	-	-	-	-	(15,001)	(15,001)	(6,124)	(21,125)
Fair value gain on equity instruments designated at fair value through other other comprehensive income	-	-	-	(120)	-	(120)	-	(120)
Crystallisation of revaluation reserve	-	(90)	-	-	90	-	-	-
Exchange differences on translation of foreign operations	-	-	(1,230)	-	-	(1,230)	901	(329)
Total comprehensive loss for the financial period	-	(90)	(1,230)	(120)	(14,911)	(16,351)	(5,223)	(21,574)
Balance as at 30 June 2024	461,377	16,323	6,665	(1,074)	(79,003)	404,288	62,370	466,658

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2024 (Continued)**

	Share Capital RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2023								
- As previously reported	461,377	16,594	9,487	(793)	7,240	493,905	77,468	571,373
- Prior year adjustments	-	-	-	-	(5,548)	(5,548)	(2,266)	(7,814)
Restated balance as at 1 January 2023	461,377	16,594	9,487	(793)	1,692	488,357	75,202	563,559
Net loss for the financial period	-	-	-	-	(7,731)	(7,731)	(640)	(8,371)
Fair value gain of equity instruments through other comprehensive income	-	-	-	(1,567)	-	(1,567)	-	(1,567)
Crystallisation of revaluation reserve	-	(182)	-	-	182	-	-	-
Exchange differences on translation of foreign operations	-	-	4,155	-	-	4,155	1,878	6,033
Total comprehensive income/(loss) the financial period	-	(182)	4,155	(1,567)	(7,549)	(5,143)	1,238	(3,905)
Balance as at 30 June 2023	461,377	16,412	13,642	(2,360)	(5,857)	483,214	76,440	559,654

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2024**

	<b>6 months ended 30.06.2024 RM'000</b>	<b>6 months ended 30.06.2023 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(21,182)	(7,844)
Adjustments for:-		
Non-cash items	11,602	7,453
Other investing and financing items	3,999	3,582
Operating (loss)/profit before working capital changes	(5,581)	3,191
Changes in working capital		
Inventories	(9,592)	(9,251)
Receivables	16,727	1,003
Financial assets held for trading	25	2
Payables	(7,785)	4,332
Net cash used in from operations	(6,206)	(723)
Retirement benefits paid	-	(46)
Net tax paid	(1,298)	(288)
<b>Net cash used in operating activities</b>	<b>(7,504)</b>	<b>(1,057)</b>
<b>Cash flows from investing activities</b>		
Acquisition of unquoted investment securities	-	(447)
Addition of intangible assets	(251)	(610)
Interest received	1,540	953
Dividend received	415	13
Change in deposit placed with licensed bank	664	31,067
Proceeds from disposal of unquoted investment securities	1,226	-
Proceed from compensation of lease termination	45,000	-
Proceeds from disposal of property, plant and equipment	-	127
Proceeds from disposal of hotel management services	400	400
Purchase of property, plant and equipment	(4,939)	(5,124)
Placement of pledged deposits	(121)	685
<b>Net cash generated from investing activities</b>	<b>43,934</b>	<b>27,064</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2024 (Continued)**

	<b>6 months ended 30.06.2024 RM'000</b>	<b>6 months ended 30.06.2023 RM'000</b>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	-	1,299
Interest paid	(5,554)	(4,548)
Repayment of borrowings	(7,714)	(6,139)
Repayment of lease liabilities	(1,571)	(4,011)
<b>Net cash used in financing activities</b>	<u>(14,839)</u>	<u>(13,399)</u>
Effect of exchange rate changes	(2,084)	(6,045)
<b>Net increase in cash and cash equivalents</b>	19,507	6,563
<b>Cash and cash equivalents as at beginning of the financial period</b>		
As previously reported	88,084	61,101
Effect of exchange rate changes	(74)	2,443
As restated	<u>88,010</u>	<u>63,544</u>
<b>Cash and cash equivalents as at end of the financial period #</b>	<u>107,517</u>	<u>70,107</u>
<b># Cash and cash equivalents at the end of the financial period comprising the following:</b>		
Fixed deposits	39,009	101,091
Cash and bank balances	94,145	51,266
	133,154	152,357
Less: Deposits placed with lease payables as security deposit for lease payments	-	(8,679)
Deposit with maturity more than three months	(2,517)	(53,255)
Deposits pledged to licensed banks	(23,120)	(20,316)
	<u>(25,637)</u>	<u>(82,250)</u>
	<u>107,517</u>	<u>70,107</u>

## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Basis of preparation

The unaudited interim financial report has been prepared in compliance with MFRS 134 – “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

### 2. Significant accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following amendments to Malaysian Financial Reporting Standard (“MFRS”):

#### Amendments to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above amendments to MFRSs will have no significant impact on the financial statements of the Group upon their initial application.

#### **Amendments to MFRSs that have been issued, but yet to be effective**

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments to MFRSs (Continued)</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

### 3. Audit Report

The auditors’ report on the financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

### 4. Seasonal or cyclical factors

The operations of the Group for the financial quarter ended 30 June 2024 were not materially affected by any seasonal or cyclical factors.

### 5. Unusual items

There were no unusual significant items during the quarter under review.



## **NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**

### **6. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

### **7. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 30 June 2024.

As at the quarter ended 30 June 2024, no new ordinary share of the Company was issued to the eligible persons pursuant to the Advance Synergy Share Grant Scheme.

### **8. Dividends paid**

There was no dividend paid during the financial period ended 30 June 2024.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information

For the financial period ended 30 June 2024

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
External	296	22,919	11,083	73,783	2,160	13,365	-	123,606
Inter-segment	37,113	-	1,390	64	-	-	(38,567)	-
<b>Total revenue</b>	<b>37,409</b>	<b>22,919</b>	<b>12,473</b>	<b>73,847</b>	<b>2,160</b>	<b>13,365</b>	<b>(38,567)</b>	<b>123,606</b>
<b>Results</b>								
Segment results	29,533	(9,555)	(6,890)	3,250	(4,290)	1,085	(34,346)	(21,213)
Share of results of associates and joint venture	32	-	(1)	-	-	-	-	31
Profit/(Loss) before tax	29,565	(9,555)	(6,891)	3,250	(4,290)	1,085	(34,346)	(21,182)
Income tax expense								57
Net profit/(loss) for the financial period								(21,125)
Non-controlling interests								6,124
Net profit/(loss) for the financial period attributable to owners of the parent								(15,001)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 June 2024 (Continued)

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Other information</u></b>								
Segment assets	54,922	166,900	392,269	26,536	23,681	24,052	-	688,360
Investment in associates and joint venture	3,463	-	101	-	-	-	-	3,564
Unallocated corporate assets								5,770
Total assets								697,694
Segment liabilities	5,262	8,904	189,361	8,632	6,171	8,646	-	226,976
Unallocated corporate liabilities								4,060
Total liabilities								231,036
Capital expenditure:								
- Property, plant & equipment	15	372	3,919	3	577	53	-	4,939
- Software development expenditure	-	251	-	-	-	-	-	251

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 June 2023

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
External	353	34,127	20,434	86,945	4,223	3,341	-	149,423
Inter-segment	2,223	-	1,391	52	-	-	(3,666)	-
<b>Total revenue</b>	<b>2,576</b>	<b>34,127</b>	<b>21,825</b>	<b>86,997</b>	<b>4,223</b>	<b>3,341</b>	<b>(3,666)</b>	<b>149,423</b>
<b>Results</b>								
Segment results	(5,427)	1,325	(2,324)	3,592	(3,049)	(1,730)	(255)	(7,868)
Share of results of associates and joint venture	25	-	(1)	-	-	-	-	24
Profit/(Loss) before tax	(5,402)	1,325	(2,325)	3,592	(3,049)	(1,730)	(255)	(7,844)
Income tax expense								(527)
Net profit/(loss) for the financial period								(8,371)
Non-controlling interests								640
Net profit/(loss) for the financial period attributable to owners of the parent								(7,731)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 June 2023 (Continued)

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Other information</u></b>								
Segment assets	101,802	223,790	430,719	19,765	22,404	19,676	-	818,156
Investment in associates and joint venture	3,890	-	105	-	-	-	-	3,995
Unallocated corporate assets								6,483
Total assets								828,634
Segment liabilities	5,153	12,346	221,147	7,705	10,374	7,338	-	264,063
Unallocated corporate liabilities								4,917
Total liabilities								268,980
Capital expenditure:								
- Property, plant & equipment	128	238	4,573	-	97	88	-	5,124
- Software development expenditure	-	610	-	-	-	-	-	610

## **NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**

### **10. Property, plant and equipment**

The valuation of land and buildings had been brought forward without amendment from the financial statements for the financial year ended 31 December 2023.

### **11. Significant events after the reporting period**

There are no significant events after the reporting period.

### **12. Changes in the composition of the Group**

- (a) On 20 March 2024, Medical Palace Sdn Bhd, an indirect wholly-owned subsidiary of the Company, was struck off from the register under Section 550 of Companies Act 2016 and henceforth dissolved following the publication of the notice of striking off in the Gazette on 20 March 2024.
- (b) On 23 July 2024, Paydee Nura Sdn Bhd (“PNSB”), increased its issued share capital from RM2.00 to RM2,000,000.00. PNSB is a wholly-owned subsidiary of Advance Synergy Capital Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of the Company.
- (c) On 12 August 2024, Aras Tiga Sdn Bhd (“ATSB”) was incorporated with an issued share capital of RM100.00. ATSB is 70%-owned by Advance Synergy Realty Sdn Bhd, a direct wholly-owned subsidiary of the Company.

Save for the above, there were no changes in the composition of the Group during the financial period ended 30 June 2024.

### **13. Changes in contingent liabilities**

There are no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2023.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 14. Review of performance

	Year-to-date		Changes	
	6 months ended		RM'000	%
	<u>30.06.2024</u>	<u>30.06.2023</u>		
	RM'000	RM'000		
Revenue	123,606	149,423	(25,817)	(17.3)
Profit/(Loss) from operations	(17,025)	(4,059)	(12,966)	(319.4)
Profit/(Loss) before tax	(21,182)	(7,844)	(13,338)	(170.0)
Net profit/(loss) for the financial period	(21,125)	(8,371)	(12,754)	(152.4)
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(15,001)</u>	<u>(7,731)</u>	(7,270)	(94.0)

#### *Overall performance*

For the current 6-month period ended 30 June 2024 (“6M 2024”), the Group recorded lower revenue of RM123.6 million compared to RM149.4 million in the corresponding period last year ended 30 June 2023 (“6M 2023”), reflecting a decrease of RM25.8 million or 17.3%. All divisions reported lower revenue in 6M 2024 compared to 6M 2023, except for Others division. The higher revenue recorded by the Investment Holding division was mainly dividend income from subsidiary which had no impact on the Group’s results.

The Group recorded higher other operating income for 6M 2024 compared to 6M 2023 mainly due to a RM2.1 million gain from the modification of lease terms for Holiday Villa Hotel & Residence Jiading P.R.C. (“Shanghai hotel”) and net gain of RM0.6 million from the reversal of impairment loss on trade receivables in 6M 2024.

The Group recorded a higher loss before tax of RM18.3 million in 6M 2024, compared to a loss of RM7.8 million in 6M 2023, mainly due to lower revenue, with unfavourable results across all divisions except the Others division. Additionally, the ICT division recorded a fair value loss of RM6.7 million on the venture investment portfolio while the hospitality unit recorded a RM1.7 million impairment loss on unquoted investment, further contributing to the increased loss.

#### *Investment Holding*

In 6M 2024, the division recorded higher revenue of RM37.4 million compared to RM2.6 million in 6M 2023, primarily attributable to the dividend received from a subsidiary of RM34.4 million and higher intercompany management fee charged, which had no impact on the Group’s overall revenue. The division recorded a higher profit before tax of RM29.6 million compared to a profit before tax of RM5.4 million mainly due to the flow down effect of higher revenue from dividend income coupled with a fair value gain on quoted investments as opposed to the fair value loss recorded in 6M 2023. At Group level, the impact on profit before tax arising from the dividend income received from a subsidiary will be eliminated.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 14. Review of performance (Continued)

#### *Information & Communications Technology*

The division recorded lower revenue in 6M 2024 of RM22.9 million compared to RM34.1 million in 6M 2023, a drop of approximately 32.8%. The decline was mainly attributable to lower revenue from Unifiedcomms revenue share contract and GlobeOSS system sale contracts revenue.

The division's reported a loss before tax of RM9.6 million in 6M 2024 compared to profit before tax of RM1.3 million in 6M 2023 was mainly due to the flow down effects of lower revenue and higher net operating expenses, partly mitigated by higher gross profit margin.

The higher gross profit margin was mainly due to higher gross profit margins on system sale contract revenues, which increased from 42% in 6M 2023 to 86% in 6M 2024 due to lower third-party component costs.

The division's higher net operating expenses in 6M 2024, compared to 6M 2023, were mainly attributable to higher fair value loss of RM6.7 million on the venture investment portfolio, higher technical support expenses due to the headcount increase in both Unifiedcomms and GlobeOSS business unit. This was partly offset by lower administrative and distribution costs, coupled with the foreign exchange gain in 6M 2024, as opposed to foreign exchange loss in the corresponding period last year.

#### *Property Development & Investment*

The division recorded revenue of RM12.5 million in 6M 2024, lower compared to the revenue of RM21.8 million recorded in 6M 2023, mainly due to lower revenue from the hospitality unit resulting from the absence of revenue from Holiday Villa Beach Resort & Spa Langkawi ("Langkawi hotel") following the cessation of business due to termination of hotel lease at the end of 2023. The division reported a higher loss before tax of RM6.9 million in 6M 2024 compared to loss before tax of RM2.3 million in 6M 2023 mainly due to the flow down effects of lower revenue, and impairment loss on unquoted investment of RM1.7 million. However, this was partly offset by the gain of RM2.1 million from the modification of lease terms for Shanghai hotel and net gain of RM0.6 million from reversal of trade receivables in 6M 2024.

#### Development

The property development unit, Advance Synergy Realty Sdn Bhd ("ASR"), recorded revenue of RM0.1 million in 6M 2024 as the construction of the Federal Park Phase 2 project is still on-going. This unit recorded a higher loss before tax of RM1.1 million for 6M 2024 compared to loss before tax of RM0.8 million in 6M 2023 mainly due to higher staff cost and overall increase in operating expenses from RM1.1 million in 6M 2023 to RM1.4 million in 6M 2024.

#### Investment

The property investment unit recorded lower revenue in 6M 2024 compared to 6M 2023 mainly due to lower revenue from the hospitality unit and food and beverage ("F&B") business operated by Osteria Gamberoni Sdn Bhd ("OGSB"). In 6M 2023, OGSB recorded higher revenue than the current period under review as consumer demand surged following relaxing of extended lockdowns, leading to increased dining out.



## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 14. Review of performance (Continued)

#### *Property Development & Investment (Continued)*

##### Investment (Continued)

Our hospitality unit recorded a significant drop in revenue, from RM17.9 million in 6M 2023 to RM8.6 million in 6M 2024, reflecting a decrease of approximately RM9.3 million or 52.0%, resulting from the absence of revenue from Langkawi hotel following the cessation of business after the termination of its lease at the end of 2023, partly mitigated by the increase in revenue from Holiday Villa Beach Resort & Spa Cherating (“Cherating hotel”) and revenue from The Marloes, an aparthotel in London, which had a soft launch in mid-December 2023 and fully operational in April 2024.

In 6M 2024, the hospitality unit recorded a loss before tax of RM4.0 million compared to a profit before tax of RM0.5 million in 6M 2023. This was primarily due to lower revenue following the cessation of operations at the Langkawi hotel after its lease termination at the end of 2023, coupled with a RM1.7 million impairment loss on unquoted investment. The Cherating hotel reported a lower profit before tax of RM0.2 million in 6M 2024, down from RM0.5 million in 6M 2023, despite the increase in revenue. This was mainly due to lower gross profit margin, in 6M 2024 compared to the corresponding period last year. The Marloes reported a higher loss of RM3.3 million in 6M 2024 compared to a loss of RM0.7 million in 6M 2023, mainly due to the higher net operating expenses with the soft launch of the aparthotel in mid-December 2023.

However, the Shanghai hotel contributed positively with a profit before tax of RM1.0 million in 6M 2024, compared to the loss of RM1.3 million in 6M 2023, mainly due to gain of RM2.1 million from the modification of lease terms. Additionally, the hospitality unit recorded net gain of RM0.6 million from the reversal of impairment loss on trade receivables in 6M 2024, further mitigating the overall loss for the hospitality unit.

Our investment property, Yap Ah Shak House (“YASH”), which currently houses the F&B and serviced office businesses, recorded lower revenue of RM2.3 million in 6M 2024 compared to RM2.5 million in 6M 2023 mainly due to lower revenue from our F&B business. Consequently, a higher loss before tax of RM1.2 million was recorded in 6M 2024 compared to a loss before tax of RM1.1 million in 6M 2023 mainly due to the flow down effect of lower revenue. Besides the hospitality unit and YASH, there was no significant impact in 6M 2024 compared to 6M 2023 from the other properties as most are leased to the Group with no major changes in rental income.

#### *Travel & Tours*

2023 was an exceptional growth year for the travel and tourism sector after the COVID-19 pandemic. Our Travel & Tours division recorded lower revenue in 6M 2024 of RM73.8 million compared to RM87.0 million in 6M 2023, reflecting a decrease of approximately RM13.2 million or 15.2%. With the lower revenue recorded from the travel and tour business, the division recorded a lower profit before tax of RM3.3 million in 6M 2024 compared to RM3.6 million in 6M 2023.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 14. Review of performance (Continued)

#### *Financial Services*

The Financial Services division comprising the card & payment services and money services units recorded lower revenue of RM2.2 million in 6M 2024 compared to RM4.2 million in 6M 2023, mainly due to a decrease in gross processing volume recorded from its merchants. With the lower revenue coupled by higher operating cost arising from higher international payment scheme (“IPS”) licence fee and staff costs, the division recorded a higher loss before tax of RM4.3 million in 6M 2024 compared to loss before tax of RM3.0 million in 6M 2023.

#### *Others*

The Others division recorded higher revenue of RM13.4 million in 6M 2024 compared to the revenue of RM3.3 million in 6M 2023. This was mainly attributable to a higher number of buses exported by the bus-body fabrication unit in 6M 2024 compared to no shipment in 6M 2023 due to logistical issues. With the flow down effect of higher revenue, the bus-body fabrication unit reported a profit before tax of RM1.4 million in 6M 2024 compared to a loss before tax of RM1.2 million in 6M 2023. The education unit recorded higher revenue of RM0.3 million in 6M 2024 compared to RM0.1 million in 6M 2023. With the higher revenue, the unit reported a lower loss before tax of RM0.3 million in 6M 2024 compared to loss before tax of RM0.5 million in 6M 2023.

### 15. Comparison of results with immediate preceding quarter

	Quarter		Changes	
	3 months ended		RM'000	%
	30.06.2024	31.03.2024		
	RM'000	RM'000		
Revenue	56,407	67,199	(10,792)	(16.1)
Profit/(Loss) from operations	(11,028)	(5,997)	(5,031)	(83.9)
Profit/(Loss) before tax	(13,163)	(8,019)	(5,144)	(64.1)
Net profit/(loss) for the financial period	(13,135)	(7,990)	(5,145)	(64.4)
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(7,111)</u>	<u>(7,890)</u>	779	9.9

#### *Overall performance*

The Group recorded lower revenue of RM56.4 million for current quarter ended 30 June 2024 (“Q2 2024”) compared to the revenue of RM67.2 million in the preceding quarter ended 31 March 2024 (“Q1 2024”), mainly due to all divisions recording lower revenue except for Information & Communications Technology and Property Development & Investment divisions. The higher revenue recorded by the Investment Holding division was mainly attributable to dividend income from a subsidiary, which had no impact at the Group level.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 15. Comparison of results with immediate preceding quarter (Continued)

#### *Overall performance (Continued)*

Higher loss before tax of RM13.2million in Q2 2024 was recorded by the Group compared to loss of RM8.0 million in Q1 2024, mainly due to the fair value loss of RM7.3 million assessed on the venture investment portfolio in Q2 2024, as opposed to a fair value gain of RM0.6 million in Q1 2024, coupled with impairment loss on unquoted investment of RM1.7 million in Q2 2024. However, this was partly offset by a gain of RM2.1 million from the modification of lease terms for the Shanghai hotel in Q2 2024. Excluding the fair value loss/gain and impairment loss as mentioned above, the Group made a lower loss before tax of RM5.8 million compared to a loss before tax of RM8.6 million in Q1 2024, with all divisions recording improved performance except for Travel & Tours and Financial Services divisions.

#### *Investment Holding*

The division reported higher revenue of RM35.8 million in Q2 2024 compared to the revenue of RM1.6 million in Q1 2024 and a profit before tax of RM32.2 million in Q2 2024 compared to a loss before tax of RM2.6 million in Q1 2024 mainly attributable to dividend received from a subsidiary and intercompany management fee charged, which had no impact to the Group's financial results.

#### *Information & Communications Technology*

The division recorded higher revenue of RM12.3 million in Q2 2024 compared to RM10.6 million in Q1 2024, mainly due to higher Unifiedcomms system sale contracts revenue. However, despite the higher revenue, the division reported a higher loss before tax of RM8.2 million in Q2 2024 compared to loss of RM1.3 million in Q1 2024. The loss was mainly due to fair value loss on venture investments portfolio of RM7.3 million in Q2 2024, as opposed to a fair value gain on the venture investment portfolio of RM0.6 million in Q1 2024.

Excluding the fair value loss/gain as mentioned above, the division recorded a lower loss before tax of RM0.9 million in Q2 2024 compared to a loss of RM1.9 million in Q1 2024, mainly due to the flow down effect of higher revenue and higher gross profit margin of 53% in Q2 2024 compared to 46% in Q1 2024. The higher gross profit margin was mainly attributable to higher revenue from Unifiedcomms system sale contracts which typically yield higher gross profit margin.

#### *Property Development & Investment*

The division recorded higher revenue of RM7.0 million in Q2 2024 compared to revenue of RM5.5 million in the previous quarter. The bulk of the revenue of the division for both Q2 2024 and Q1 2024 was contributed by the hospitality unit, which recorded revenue of RM5.0 million in Q2 2024 compared to RM3.6 million in Q1 2024.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 15. Comparison of results with immediate preceding quarter (Continued)

#### *Property Development & Investment (Continued)*

In the quarter under review, the division reported a lower loss before tax of RM2.3 million compared to loss before tax of RM4.6 million in the previous quarter mainly attributable to gain of RM2.1 million from the modification of lease terms and fair value gain on quoted investments in Q2 2024, as opposed to fair value loss in Q1 2024. This was partly offset by impairment loss of RM1.7 million on unquoted investment and net impairment loss of RM0.4 million on trade receivables in Q2 2024.

#### Development

The property development unit, ASR, recorded minimal revenue generated from progress billing of Federal Park Phase 2, as the construction of the Federal Park Phase 2 project is still on-going. ASR registered a comparable loss before tax of RM0.6 million in Q2 2024 and Q1 2024.

#### Investment

The property investment unit recorded higher revenue of RM6.9 million in Q2 2024 compared to RM5.4 million in Q1 2024 mainly attributable to our hospitality business which recorded higher revenue for Q2 2024 of RM5.0 million compared to RM3.6 million in Q1 2024 with all hotels recording higher revenue in the quarter under review. Overall, the hospitality unit achieved higher average room rates and average occupancy rates in Q2 2024 compared to Q1 2024.

The hospitality unit recorded a lower loss before tax of RM1.0 million in Q2 2024 compared to a loss before tax of RM3.0 million in Q1 2024, mainly due to a RM2.1 million gain from the modification of lease terms for the Shanghai hotel, gain from the write-back of over provision of costs relating to termination of lease for Langkawi hotel and lower operating loss at The Marloes. However, these were partly offset by impairment loss of RM1.7 million on unquoted investment, net impairment loss on trade receivables of RM0.4 million, and an operating loss before tax at the Cherating hotel in Q2 2024 compared to operating profit in Q1 2024. The operating loss was primarily due to a lower gross profit margin, which was partly mitigated by lower net operating expenses in Q2 2024, despite the higher revenue achieved.

YASH reported higher revenue of RM1.2 million in Q2 2024 compared to RM1.1 million in Q1 2024, mainly due to increased revenue from the F&B and serviced office businesses. The lower loss in the quarter under review compared to the preceding quarter is mainly attributable to the flowdown effect of higher revenue.

#### *Travel & Tours*

The division recorded lower revenue of RM32.5 million in Q2 2024 compared to the revenue of RM41.4 million in Q1 2024 mainly due to lower sales from corporate ticketing during the quarter under review. The lower profit before tax of RM1.2 million in Q2 2024 compared to profit before tax of RM2.1 million in the preceding quarter was mainly due to the flowdown effect of lower revenue recorded in Q2 2024.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 15. Comparison of results with immediate preceding quarter (Continued)

#### *Financial Services*

The Financial Services division generated lower revenue of RM1.0 million in Q2 2024 compared to RM1.2 million in Q1 2024 with lower gross processing volume recorded by card & payment services in the current quarter under review. The bulk of the revenue for the division was generated by the card & payment services unit with nominal revenue generated by the money services unit. With the lower revenue, the division recorded a higher loss of RM2.2 million in Q2 2024 compared to RM2.0 million in Q1 2024 coupled with higher net operating expenses in Q2 2024 and forex exchange loss recorded in Q2 2024 as opposed to foreign exchange gain in Q1 2024.

#### *Others*

The Others division recorded lower revenue of RM4.2 million in Q2 2024 compared to RM9.2 million in Q1 2024. Despite the lower revenue, the division recorded slightly higher profit before tax of RM0.6 million in Q2 2024 compared to a profit before tax of RM0.5 million in Q1 2024. This was mainly attributable to the improved profit before tax of the bus fabrication unit with higher gross profit margin and lower net operating expenses coupled with a fair value gain on quoted investments in Q2 2024, as opposed to fair value loss in Q1 2024. However, the education unit reported an increase in loss before tax in Q2 2024 mainly due to the flow down effect of lower revenue.

### 16. Prospects

The Group remains mindful of the ongoing inflationary pressures, possible disruptions in supply chain and geopolitics concerns which may adversely impact the global economic recovery and thus the successful execution of our business plans. Our continued focus on managing costs and investment into our businesses to deliver better Group financial performance, is critical for the remainder of the financial year.

#### *Information & Communications Technology*

The outlook of Unifiedcomms and GlobeOSS has been challenging, especially within the telecommunication industry, where the impact of the diminished performance of certain major managed service contracts, followed by intensified pricing pressure and delays in securing certain large system sale contracts and managed service, is adversely affecting the business of Unifedcomms and GlobeOSS, resulting in a below-expected performance in the financial period under review. On the business front, both Unifiedcomms and GlobeOSS contracts in-hand continue to be progressed and management of the division are hopeful that new projects and initiatives requiring our products and services, will continue to be pursued by customers. The possibility remains however, that larger system sale contracts and certain managed service contracts that have yet to be committed in the financial year under review, may be further deferred, or even abandoned entirely if industry conditions worsen or do not improve significantly enough.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 16. Prospects (Continued)

#### *Information & Communications Technology (Continued)*

At Captii Ventures, the division's venture investment business, the climate for business development and funding continues to be challenging for start-ups in certain industries. This weak market environment resulted in a material reduction in the fair value of Captii Ventures' investment portfolio, translating to a fair value loss of RM7.3 million in the quarter under review.

Against this negative industry backdrop for the future, the division remains optimistic and will continue to work closely with customers and investees, to minimise the negative impact on financial performance.

#### *Property Development & Investment*

##### Development

Phase 2 of the Federal Park project which comprises 88 units of double storey terrace houses and 28 units of single storey terrace houses has attained 73% completion in construction works as at the end of July 2024. The show house is now ready for viewing. ASR anticipates that sales will pick up in 3rd Quarter 2024. Phase 2 of the Federal Park project is expected to contribute significantly towards the results for 2024.

Meanwhile, the development works of Sejijak Project are now ready for commencement. This project comprises 88 units of double storey terrace houses, 80 units of townhouses and 40 units of single storey terrace houses.

Phase 2 of the Federal Park project is expected to generate a total revenue of RM57.9 million while Sejijak project has an estimated gross development value of RM75 million. With these two new projects generating a total gross development value in excess of RM132.9 million, the property development unit is set to turn the corner towards profitability for 2024 onwards.

The property market in Kuching is expected to remain soft due to various issues such as escalated construction costs, labour shortages, interest rates hike and tightening of end financing for buyers. Although the market environment is challenging on many fronts, ASR is confident to navigate through this tough period with its longstanding experience in the property market. ASR will adopt a more cautious approach in new project launches and explore improvement in various areas such as cost effective and attractive new building designs and remain competitive in the market.

##### Investment

The hospitality unit is hopeful that the gradual recovery in the business with the pent-up demand for travel in fiscal 2023 will continue for the remainder of the financial year. As in fiscal 2023, the unit remains cautious on the hospitality industry's growth in the coming year due to external pressures, which may prolong the recovery to pre-pandemic level as lingering effects of COVID-19 pandemic besides continuing pressures from rising costs, staff shortage, recessionary risks and geopolitics concerns may continue to drag down the industry.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 16. Prospects (Continued)

#### *Property Development & Investment (Continued)*

##### Investment

Cherating hotel performed well in fiscal 2023 following the easing of travel restrictions driven by a surge in demand from local tourists. This trend is anticipated to continue barring any unforeseen circumstances.

Our aparthotel in Earls Court, London, The Marloes, had a soft launch on 11 December 2023. Fiscal 2023 saw the rebound in demand for UK hotels which may however face some uncertainties in fiscal 2024 due to external headwinds impacting consumer confidence coupled with rising operational costs, staffing shortages and supply chain disruption. However, we are cautiously optimistic that the London hospitality market will be resilient as we can see the swift post-pandemic rebound and influx of international visitors to London.

Although travel is expected to normalise for the China market, the concerns related to pandemic-induced shifts in property movement and lingering geopolitical tensions may derail the recovery of the travel industry when considering the outlook for the remainder of the financial year which is anticipated to remain challenging for Shanghai hotel as external headwinds may impact the travel industry.

YASH in Kuala Lumpur, a high quality mixed-use property after undergoing a review and revamp in its operations, will feature F&B venues, and an event hall as a destination for music, arts and culinary experiences, complementing its existing serviced office business. With this new business roadmap, the division anticipates income potential from YASH once it is operational in the second half of fiscal 2024.

##### *Travel & Tours*

Our Travel & Tours division has been most affected by the COVID-19 pandemic as many countries introduced curfews and travel restrictions to contain the spread of the virus. With the relaxation of travel restrictions, the division recorded a significantly improved performance since fiscal 2022. The division's performance continued to improve in 2023 and the division remains cautiously optimistic about its performance for fiscal year 2024 although external factors such as increasing inflation, higher travel costs, and geopolitical concerns may dampen growth in the travel industry. The division's business plan to focus on building its corporate client base for the ticketing, group series tours and company incentive groups business and in exploring to develop more competitive inbound and outbound travel products and services remains.

##### *Financial Services*

The division comprises Paydee Sdn Bhd ("Paydee") which is engaged in card & payment services; Paydee Nura Sdn Bhd ("Nura") which is engaged in the provision of solutions for cash flow management for both small and medium-sized enterprises ("SMEs") and individuals through Shariah-compliant financing; and Qurex Sdn Bhd ("Qurex") which is involved in money services, namely currency exchange and international remittance services.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 16. Prospects (Continued)

#### *Financial Services (Continued)*

Paydee will continue to focus on the evolution of its New Payment Application Services (“NPAS”). NPAS aims to deliver innovative business-to-business (“B2B”) payment application services to address several high-potential SME business segments, as well as to be the non-bank partner of choice for payment facilitators addressing the growing e-commerce and social commerce markets.

Nura is expected to launch its Shariah-compliant financing and SME credit products in the second half of the year as part of the NPAS offering of the division.

Key areas of focus for both Paydee and Nura include investment in technology renewal and the development of new capabilities and the recruitment of additional staff to further develop, operate and manage the NPAS as well as efforts to identify and evaluate opportunities for business collaboration.

Qurex intends to synergise with Paydee for its growth plan and pending the full implementation of a new product roadmap, Qurex does not anticipate its existing businesses to grow substantially in fiscal 2024.

#### *Others (Continued)*

Our bus-body fabrication unit, Aviva Master Coach Technology Sdn Bhd (“Aviva”), remains focused to ensure its production to be cost efficient and for timely delivery of buses. The unit will continue to focus on the Australia market as it anticipates a strong demand for the buses to Australia and with bus body orders in hand, there is a cautious optimism in the sale of the buses.

The market situation remains challenging with rising costs and continuing disruption to the supply chain. However, Aviva is confident in managing the risks and shall focus in ensuring that its production is cost-and-delivery-efficient and targets gear up its production of bus-body fabrication to 20 buses per month over the next two years in line with the expected increase in orders from the Australia market.

With the various measures put in place, our bus-body fabrication unit is cautiously optimistic that it is in a good position to manage the challenges in fiscal 2024.

Our education unit represented by The Language House, (“TLC”) had a promising start so far with diversified courses, a robust digital infrastructure, strategic collaborations, and sustainable entry into new markets such as China and Korea. However, the unit acknowledges challenges within the Malaysian language education sector, including digital integration intricacies and the need to foster a supportive academic community.

TLH actively engages with education agents in China and Korea, streamlining admissions and providing personalized support for international students from these sectors. By customising programs for cultural and academic relevance including recruiting past students as language ambassadors, our education unit fostered a supportive community internally and externally which culminated in large class enrolments over the last quarter. Cross-cultural training for staff and faculty is also prioritised to ensure smooth integration and effective communication as TLH navigates diverse global markets.



## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 17. Board of Directors' opinion on revenue or profit estimate, forecast, projection or internal targets

The Group did not previously announce or disclose any revenue or profit estimate, forecast, projection or internal targets in a public document.

### 18. Profit variance and shortfall in profit guarantee

Not applicable.

### 19. Income tax credit/(expense)

	<b>3 months ended <u>30.06.2024</u> RM'000</b>	<b>Year-to-date ended <u>30.06.2024</u> RM'000</b>
On current quarter results		
- Corporate income tax	28	57

The effective income tax rate of the Group for the current quarter and year-to-date ended 30 June 2024 is lower than the statutory tax rate mainly due to overprovision of tax in prior years.

### 20. Status of corporate proposals

The status of corporate proposals announced but not completed as at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report are summarised below:

- (a) On 8 August 2019, the Company announced that Cherating Holiday Villa Berhad (“CHV”), an indirect wholly-owned subsidiary of the Company, had on 8 August 2019 entered into a Sale and Purchase Agreement with Amanah Raya Berhad for CHV to buy back a resort hotel consisting of an administration building, hotel/apartment blocks, standard and individually designed chalets and villas and other ancillary buildings and structures known as Holiday Villa Beach Resort & Spa Cherating, measuring in aggregate area of approximately 42,635 square metres for a buy back price of RM22,965,600 only free from all encumbrances and on an “as is where is” basis (“Proposed CHV Buyback”). Barring any unforeseen circumstances, the Proposed CHV Buyback is expected to be completed in the second half of year 2029.
- (b) On 6 November 2020, the Company announced that Mayor Hotels Sdn Bhd (“MHSB”), an indirect wholly-owned subsidiary of the Company, had on 6 November 2020 entered into a sale and purchase agreement (“SPA”) for M1 Plaza Sdn Bhd to purchase from MHSB the hotel property known as City Villa Kuala Lumpur located at No. 69, Jalan Haji Hussein, Off Jalan Tuanku Abdul Rahman, 50300 Kuala Lumpur on “as is where is” basis for a total cash consideration of RM24,000,000 subject to the terms and conditions as stipulated in the SPA (“Proposed City Villa Disposal”). Barring any unforeseen circumstances, the Proposed City Villa Disposal is expected to be completed in the fourth quarter of 2024.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 20. Status of corporate proposals

The status of corporate proposals announced but not completed as at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report are summarised below: (Continued)

- (c) On 14 March 2024, the Company announced that upon the completion of the termination of Renewal Lease Agreement between Langkawi Holiday Villa Sdn Bhd (“LHV”) and Pacific Trustees Berhad (acting as trustee for AmanahRaya Real Estate Investment Trust) for the lease of the 4-star beach resort hotel building with 238 rooms known as “Holiday Villa Beach Resort & Spa Langkawi” (“Hotel”) as announced by the Company on 2 January 2024, LHV ceased its business and operations at the Hotel after 31 December 2023 onwards and consequently, a notice of termination dated 31 December 2023 was served to Holiday Villa Hotels & Resorts Sdn Bhd (“HVHR” or “Management Company”) for the termination of the Hotel Management Agreement dated 1 January 2017 (“Hotel Management Agreement”) and the Letter of Variation dated 7 May 2021 to the Hotel Management Agreement between LHV and HVHR (“Termination”). Pursuant to the Termination, by the letter dated 14 March 2024, LHV and HVHR have mutually agreed that liquidated damages of RM4,283,653 (“Liquidated Damages”) shall be paid in cash by LHV to the Management Company.

The full payment of the Liquidated Damages was made to the Management Company on 15 March 2024 and accordingly, the Termination was completed.

### 21. Utilisation of proceeds from disposal of Wisma Synergy

The status of utilisation of proceeds raised from the disposal of a property, Wisma Synergy, by AESBI Power Systems Sdn Bhd, an indirect wholly-owned subsidiary of the Company, as at 30 June 2024 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for Utilisation from 08.11.2019</b>	<b>Extended timeframe for Utilisation</b>
Repayment of borrowings	61,340	61,336 *	-	Within 3 months	-
Working capital of the Group	51,900	47,080 *	4,824	Within 12 months	Additional 48 months
Expenses for the disposal	10,760	10,760	-	Within 3 months	-
	<u>124,000</u>	<u>119,176</u>	<u>4,824</u>		

\* The remaining amount of RM4,000 which was not utilised for repayment of borrowing was utilised for working capital of the Group.

**NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**

**22. Utilisation of proceeds from disposal of hotel management agreements, licensing agreements and trademarks of Alangka-Suka Hotels & Resorts Sdn Bhd Group**

The status of utilisation of proceeds raised from the disposal of hotel management agreements, licensing agreements and trademarks of Alangka-Suka Hotels & Resorts Sdn Bhd Group, as at 30 June 2024 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for Utilisation from 03.12.2021</b>
Working capital of the Group	4,844	4,857 *	-	<u>Proceeds of RM4.844 million</u> - Within 24 months
	2,000	2,000	-	<u>Proceeds of RM200,000 per quarter totaling RM2.0 million for Remaining Balance</u> - Within 3 months from the receipt of the quarterly payment
Expenses for the disposal	<u>156</u>	<u>143 *</u>	-	- Within 12 months
	<u>7,000</u>	<u>7,000</u>	-	

\* The remaining amount of RM13,000 which was not utilised for expenses in relation to the disposal was utilised for working capital of the Group.

**23. Utilisation of proceeds from the Rights Issue**

The status of utilisation of proceeds raised from the Rights Issue as at 30 June 2024 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for Utilisation from 04.11.2022</b>
Investment in existing businesses and/or future business expansion/ new strategic investment	53,200	41,145	12,055	Within 36 months
Working capital	25,600	25,618 *	-	Within 36 months
Expenses for the Rights Issue	<u>1,200</u>	<u>1,182 *</u>	-	Immediately
	<u>80,000</u>	<u>67,945</u>	<u>12,055</u>	

\* The remaining amount of RM18,000 which was not utilised for expenses in relation to the Rights Issue was utilised for working capital of the Group.

**NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**

**24. Utilisation of proceeds from termination of lease for Langkawi Holiday Villa Sdn Bhd (“LHV”)**

The status utilisation of proceeds from termination of lease for LHV as at 30 June 2024 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for Utilisation from 01.01.24</b>
Working capital of the Group	29,890	26,879	3,011	Within 36 months from the Completion
Incidental expenses	15,050	6,823	8,227	Within 12 months from the Unconditional Date
Expenses for the termination	60	60	-	Within 6 months from date of the Lease Termination Agreement
	<u>45,000</u>	<u>33,762</u>	<u>11,238</u>	

**25. Group borrowings**

Details of the borrowings by the Group are as follows:

	<b>As at 30.06.2024 RM'000</b>	<b>As at 31.12.2023 RM'000</b>
<b>Short term - secured</b>		
- Term loans	7,566	10,302
- Revolving credit	37,500	39,000
	<u>45,066</u>	<u>49,302</u>
<b>Long term - secured</b>		
- Term loans	82,183	85,632
	<u>82,183</u>	<u>85,632</u>
<b>Total borrowings</b>	<u>127,249</u>	<u>134,934</u>

**26. Financial Instruments**

(a) Derivatives

The Group does not have any outstanding derivatives as at the date of this report.

(b) Gain/Loss arising from fair value changes of financial liabilities

There was no gain/loss arising from the fair value changes in financial liabilities for the current financial year.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 27. Material litigation

There was no material litigation as at the latest practicable date which is a date not earlier than 7 days from the date of issue of the quarterly report.

### 28. Notes To The Statement of Comprehensive Income

Included in the profit/(loss) before tax are:

	<b>6 months ended 30.06.2024 RM'000</b>	<b>6 months ended 30.06.2023 RM'000</b>
Amortisation of intangible assets	(358)	(376)
Depreciation	(6,283)	(7,398)
Dividend received	15	13
Effect of modification to lease terms	2,007	-
Fair value change in unquoted investment securities	(6,734)	(62)
Fair value change in quoted investment securities	53	76
(Impairment loss)/Reversal of impairment loss on:		
- trade and other receivables	613	-
- investment in unquoted shares	(1,693)	-
Interest expenses	(5,554)	(4,548)
Interest income	1,540	953
Net gain on disposal of:		
- property, plant and equipment	-	29
- quoted investment securities	31	-
Net unrealised gain on foreign exchange	725	319
Provision for retirement benefits plan obligations	-	(66)
Gain on disposal of subsidiary	37	-
Loss on dissolution of subsidiary	(32)	-

### 29. Dividend

A first and final single tier dividend in respect of the financial year ended 31 December 2023 was paid on 19 August 2024 as approved by the shareholders of the Company at the Annual General Meeting held on 19 June 2024.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 30. Loss per share

#### Basic loss per share

The basic loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM7,111,000 and RM15,001,000 respectively, divided by the weighted average number of ordinary shares of 2,529,194,943 for the current quarter and current year-to-date respectively as follows:

	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>30.06.2024</u></b>	<b><u>30.06.2023</u></b>	<b><u>30.06.2024</u></b>	<b><u>30.06.2023</u></b>
	<b>No. of shares</b>		<b>No. of shares</b>	
Issued / weighted average number of ordinary shares	<u>2,529,194,943</u>	<u>2,529,194,943</u>	<u>2,529,194,943</u>	<u>2,529,194,943</u>
	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>30.06.2024</u></b>	<b><u>30.06.2023</u></b>	<b><u>30.06.2024</u></b>	<b><u>30.06.2023</u></b>
Basic loss per share (sen)	<u>(0.28)</u>	<u>(0.17)</u>	<u>(0.59)</u>	<u>(0.31)</u>

#### Diluted loss per share

The basic and diluted loss per share are reported to be the same for the current quarter, current year-to-date corresponding quarter last year and corresponding year-to-date last year as the Company has no dilutive potential shares.

	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>30.06.2024</u></b>	<b><u>30.06.2023</u></b>	<b><u>30.06.2024</u></b>	<b><u>30.06.2023</u></b>
Diluted loss per share (sen)	<u>(0.28)</u>	<u>(0.17)</u>	<u>(0.59)</u>	<u>(0.31)</u>

**NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**

**31. Status of E-commerce activities**

Not applicable.

BY ORDER OF THE BOARD  
**ADVANCE SYNERGY BERHAD**

K. JAYAVATHANI A/P KANAGARATNAM  
Company Secretary  
28 August 2024